

Comments to NAESB

Long Term Competition (“ROLLOVER RIGHTS”) Business Practices

October 17, 2014

BPA appreciates the opportunity to comment on the draft standards addressing renewal competitions under section 2.2 of the *pro forma* tariff. BPA submits the following comments on the proposed standards.

BPA has reviewed the recommendations and assessed whether the language satisfies BPA’s key principles for long term competition. Our evaluation follows:

- ✓ Key Principle: The submission of a valid Renewal request initiates the Long Term Competition process. BPA believes that the NAESB recommendation item WEQ 001-20.4.2X affirms this principle.
- ✓ Key Principle: The defender is a valid queued request of type ‘Renewal’. BPA believes that the NAESB recommendation item WEQ 001-20.4.2X affirms this principle.
- ✓ Key Principle: There is only one challenger and one defender that will engage in the long term competition. BPA believes that the NAESB recommendation item WEQ 001-20.4.3X affirms this principle.

BPA supports the principle that the capacity available as the result of a renewal competition will not be granted by the TP to the challenger unless the challenger is obligated to take the capacity. However, BPA disagrees with the prescriptive nature of the standards which obligate the TSP to bind the challenger at the very beginning of the competition process. BPA is concerned with the proposed timing of securing a commitment to take service from the challenger due to the administrative burden associated with ‘bind prior to’. BPA’s experience in running renewal competitions shows that there is a very low likelihood that a challenger will be successful in being awarded capacity through a renewal competition. Therefore, BPA requests that the standards be less prescriptive to allow for TP flexibility. BPA proposes the following changes to the draft standards:

001-20.4.3X The Transmission Provider shall notify the Eligible Customer requesting new transmission service of their eligibility to compete for the incumbent’s unexercised rollover rights.

001-20.4.3.1X (Delete)

001-20.4.3.2X (Delete)

001-20.4.4.2X If the incumbent Transmission Customer elects to not extend their request to renew for an additional term of service or fails to respond within 30 days of

notification by the Transmission Provider, the Transmission Provider shall ensure that a commitment to take transmission service subject to the rollover rights being conveyed from the incumbent to the Eligible Customer requesting new service has been secured.

001-20.4.4.2.1X If the TSP determines that a commitment has not been secured, it shall secure a commitment to take transmission service subject to the rollover rights being conveyed from the incumbent to the Eligible Customer requesting new service.

001-20.4.4.2.2X If the Eligible Customer requesting new transmission service elects to not commit to taking new service or fails to respond within 15 days of notification by the Transmission Provider, no Right of First Refusal situation exists, and the Transmission Provider shall process the incumbent's request to exercise their rollover rights subject to the provisions under Business Practice Standard WEQ-001-20 (this standard).

001-20.4.4.2.3X If the incumbent Transmission Customer elects to not extend their request to renew and a commitment from the Eligible Customer is secured, the Transmission Provider shall: convey the transmission capability encumbered by those rollover rights to support the identified Eligible Customer's longer term new request for transmission service and reduce the capacity eligible for Rollover and the Unexercised Rollover Rights held by the incumbent Transmission Customer by the amount of rollover rights conveyed to the new request for service, recalculate the remaining Unexercised Rollover Rights, and shall post the values in accordance with Business Practice Standards WEQ-002 and WEQ-013.

001-20.4.4.2.2X (Changes to **001-20-4.4.2.4X**)

001-20.4.4.2.3X (Changes to **001-20-4.4.2.5X**)

BPA proposes that the TP's offer to the challenger could include more than just the capacity gained through a renewal competition and dependent upon the TSP's assessment process. BPA does not believe that the current recommendation precludes the TP from making this type of offer. BPA would like confirmation of this interpretation from NAESB. BPA also makes the following proposed addition to the standards to make this clear.

001-20.4.4.2.XX The Transmission Provider shall reevaluate the incumbent's request to renew service based on the reduced rollover rights now held by the incumbent, and process that request as appropriate under 001-20 (this standard).

Lastly, BPA is concerned about the lack of clarity in the proposed standards regarding a Network Customer's (or agent's) ability to exercise ROFR to extend service (section 001-20.4.4X). BPA thinks clear rules need to be developed regarding competition of NITS applications and modifications of NITS service. For example, under the proposed Rollover Rights standard, NITS requests for a resource designation may be required to match the duration of a competing request and provide an attestation for the new duration within 30 days (the timing of the attestation process describes "30 days of notification by the Transmission Provider" (section 001-20.4.4.1.1X). To successfully compete, the Network

Customer must be able to attest to a committed resource (generation or market purchase) for that extended and unanticipated duration before submitting the match request. This means that the NITS customer would need to negotiate an extended term with the power supplier in 30 days in order to satisfy the attestation requirements. The NITS customer's ability to extend the term, therefore, is dependent upon its ability to obtain a power supplier. If the power supplier is unwilling to extend the term, the NITS customer would not be able to match the duration and the NITS customer would lose rights to the capacity the customer has been using to serve its network load. We believe that that it is inappropriate for a power arrangement to hinder the exercise of ROFR and allocation of transmission rights. BPA thinks that the rules for competition must be clear and not limit NITS customers' ability to match.

As we reviewed this proposed standard, we are realizing that there may be nuances that may not have been considered in addressing rollover for NITS service. BPA thinks that rollover and competition of NITS service (including the NITS agreement and re-designation of Designated Network Resources during the term of the NITS agreement) is significantly different from PTP service. We urge the NAESB OASIS Subcommittee to verify that the existing NITS standard and templates are consistent with the Rollover Rights / long-term competition draft standard to ensure that the standards will be compatible, especially through the more detailed implementation process in WEQ-013.